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Chairman: Mr. Orr (Vice-Chairman) ..... (Canada)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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In the absence of Mr. Effah-Apenteng (Ghana), Mr. Orr (Canada), Vice-Chairman, took the Chair.

The meeting was called to order at 3.15 p.m.

Agenda item 130: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (A/56/83, A/56/620, A/56/689, A/56/733, A/56/759 and A/56/823)

1. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services) introduced a number of reports of the Secretary-General on the activities of the Office of Internal Oversight Services. The issuance of the report entitled "Enhancing the internal oversight mechanisms in operational funds and programmes, updated views" (A/56/823) had been delayed to allow for extensive consultations with funds and programmes. The report contained a summary of the responses received from funds and programmes as of 31 January 2002 and the conclusions of the Office of Internal Oversight Services (OIOS) on those responses. Most funds and programmes had implemented the recommendations contained in the report of the Secretary-General dated 8 March 2001 (A/55/826) and had signed memorandums of understanding with OIOS, which had now established client profiles for all funds and programmes, including information on oversight mechanisms in place.

2. The report of OIOS on the inspection of programme management and administrative practices in the Office for Drug Control and Crime Prevention (ODCCP) (A/56/83) complemented its reports on the triennial reviews of the implementation of the recommendations made by the Committee for Programme and Coordination at its thirty-eighth session on the in-depth evaluation of the United Nations International Drug Control Programme (UNDCP) (E/AC.51/2001/4) and of the United Nations crime prevention and criminal justice programme (E/AC.51/2001/5).

3. The major strengths of ODCCP were its clear mandates, the high priority of its issues on the intergovernmental policy agenda and its broad range of expertise. Its main assets were a committed, resourceful and talented staff, a strong field presence and its ability to work multilaterally in very sensitive fields. Its major weaknesses stemmed from over-centralized and heavily personalized decision-making and the absence of institutional mechanisms to ensure that its activities and projects were properly conceived, efficiently executed and the results assessed. The inspection had found that the lack of corporate mechanisms of consultation and assessment resulted in waste of resources and hampered the efficiency of programmed activities.

4. One of the major concerns highlighted in the report was the low morale of staff. The common view was that there was no transparency in executive decisions, especially concerning personnel matters and that, while structured dialogue on work matters was maintained in some units, overall staff-management communication was not functioning. The report contained 14 recommendations on how the drawbacks observed should be corrected and the management of ODCCP had recently reported that a number of corrective measures had been recently implemented in response to those recommendations. However, since the Staff Council in Vienna had expressed reservations on the content and manner of such reporting, OIOS would reserve judgement pending an on-site review that had been tentatively scheduled for the spring of 2002.

5. He was pleased to note that the management of the United Nations Office at Nairobi (UNON) had accepted the 13 recommendations contained in the report of OIOS on inspection of the administrative and management practices of the United Nations Office at Nairobi (A/56/620). Some of the corrective measures that had already been taken included the scheduling of regular meetings with members of the Committee of Permanent Representatives to the United Nations Environment Programme (UNEP) in order to ensure transparency between the management of UNON and Member States, and preparatory work on establishing service agreements with client entities at Nairobi.

6. The recommendations contained in the report of OIOS on the investigation into allegations of misconduct and mismanagement of the "boat project" at the United Nations Office for Drug Control and Crime Prevention (A/56/689) had also been accepted and were presumably in the process of being implemented. As a result of its investigation, OIOS had recommended that appropriate action should be taken against the then Executive Director and the Officer-in-Charge of the Operations Branch for the waste of resources and mismanagement of the project. The Executive Director had been removed from office and a

reprimand issued to the Officer-in-Charge of the Operations Branch.

7. Introducing the report of OIOS on the investigation into allegations of refugee smuggling at the Nairobi Branch Office of the Office of the United Nations High Commissioner for Refugees (A/56/733), he said that the OIOS-led international task force had spent three months in Kenya investigating allegations that some staff members of the Office of the United Nations High Commissioner for Refugees (UNHCR) had been demanding money from refugees, asylum seekers and other persons to provide documentation and assurances of resettlement, primarily in Australia, Canada, the United Kingdom and the United States of America. The task force had obtained evidence of a criminal enterprise involving UNHCR staff and contracted agents as well as persons with no connection to UNHCR. Their aim had been to cheat refugees and others by making false promises for resettlement which they had no authority to provide. Nine persons, including three UNHCR staff members, had been arrested by the Kenya Police and charged with crimes under the Penal Code of Kenya, as detailed in the report. All cases were pending in Kenyan courts, and the Kenya Police were actively pursuing other persons who had been involved in the criminal enterprise.

8. OIOS also warned that the factors which had led to the emergence of that enterprise would exist wherever the demand for resettlement by refugees exceeded the ability or willingness of Governments to grant asylum.

9. Introducing the report of the Office of Internal Oversight Services on the audit of the Office of the United Nations High Commissioner for Refugees private sector fund-raising activities (A/56/759), he noted that, in recent years, private sector fund-raising had become a major component of the communication strategy of UNHCR and an important element of its fund-raising efforts. UNHCR had raised $19 million from the private sector in 2001, following totals of almost of $33 million in 1999 and $15 million in 2000. OIOS was pleased to note that all of its initial findings and recommendations, which had been communicated to UNHCR in May 2001, had been satisfactorily addressed, thus meeting the audit's requirement that, in the interest of consistency and coherence, policies and procedures should be more clearly defined in some areas and further developed in others.

10. **Mr. Fujii** (Japan) said, with reference to the investigation into allegations of misconduct and mismanagement of the "boat project", that the management of ODCCP should be urgently reformed, given the amount of resources that had been wasted and the enhanced role of the Office in the aftermath of the terrorist attacks in New York on 11 September 2001. His Government therefore hoped that a new Executive Director of the highest calibre would be appointed as early as possible.

11. With reference to the investigation into allegations of refugee smuggling at the Nairobi Branch Office of the Office of the United Nations High Commissioner for Refugees, another case had recently been reported in which refugees were seriously abused. His delegation would greatly appreciate information on any action to be taken by the United Nations, including OIOS to prevent further abuse anywhere in the world.

12. **Mr. Fox** (Australia) said that, as one of the resettlement destination countries targeted by the refugee smugglers, Australia had been approached by OIOS to participate in the international task force to investigate the allegations. Given the importance his Government attached to maintaining the integrity of the international protection system and of resettlement processes, it had gladly provided two experts from the Australian Department of Immigration to participate in the task force. UNHCR's actions in dealing with the matter underlined the importance of maintaining the integrity of the international protection system and of sending a strong message that resettlement places must go to those most in need rather than to those who could afford to pay for a place. His Government welcomed the recommendations of OIOS and the corrective action taken by UNHCR at Nairobi and other locations. His delegation would welcome further reporting to the appropriate organs on the implementation of the recommendations and on follow-up action.

13. **Mr. Repasch** (United States of America) noted that, in paragraphs 13-16 of the report on enhancing the internal oversight mechanisms in operational funds and programmes, updated views (A/56/823), the United Nations Children's Fund (UNICEF) had been quoted as stating that it did not consider it necessary to establish an oversight committee, as recommended in the report, since it already had its Audit Committee, and that it did not "anticipate additional external participation on the Committee". OIOS, however, surely had oversight responsibilities for all funds and programmes and it

would therefore be helpful if a UNICEF representative could explain to the Fifth Committee in what sense the OIOS could be regarded as "external".

14. **Mr. Chandra** (India) expressed dismay at the use of the word "warned", as applied to Member States in the Under-Secretary-General's statement on the report contained in document A/56/733. Softer language should have been used. Secondly, he would welcome clarification of the phrase "new procedures for implementing staff rule 112.3, once those procedures were finalized", in relation to the recovery of losses incurred at the Nairobi Branch Office. Lastly, he wished to point out that, physically speaking, the Office of Internal Oversight Services was indeed external to UNICEF.

15. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services) recalled that the report on enhancing the internal oversight mechanisms in operational funds and programmes, updated views had been prepared in response to the Fifth Committee's concern about how oversight was carried out in such bodies. One conclusion had been that the establishment of oversight committees would be helpful, particularly in cases where funds and programmes did not have their own audit committees. The idea was by no means new: the United Nations Development Programme (UNDP), for example, despite having an Audit Committee, had also set up an oversight committee, of which he himself was a member. It had proved a most useful model. UNDP had been invited to sit on the UNICEF Audit Committee, in fulfilment of the need for external representation. It would, however, make more sense for his own Office to be directly represented. The matter was under negotiation.

16. In reply to the question raised by the representative of India, the phrase meant that the staff rule in question was under review and it had therefore been decided to wait until the review was completed before pursuing any recovery of losses.

17. The word "warned" should be regarded as applying to the United Nations itself and not to Member States. When the demand for resettlement places exceeded the supply, there was inevitably a risk that the problems addressed in the report would arise. It was therefore incumbent on the Organization to be vigilant and to ensure that measures were put in place to prevent any abuses.

Agenda item 125: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/56/767 and A/C.5/56/35)

18. **The Chairman** drew the Committee's attention to a letter dated 18 January 2002 from the President of the General Assembly addressed to the Chairman of the Fifth Committee (A/C.5/56/35) transmitting, for appropriate action by the Committee, a letter dated 27 December 2001 from the Secretary-General addressed to the President of the General Assembly, contained in document A/56/767. The Group of 77 and China was currently holding consultations on the matter. He therefore proposed that the Committee should revert to the matter at a later stage of the resumed session of the General Assembly.

19. *It was so decided.*

The meeting rose at 4.05 p.m.